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CHAD: New Government Installed

//Under an agreement signed last weekend, Christian President Malloum and Muslim Prime Minister Habre will resign today in favor of a committee composed of six northern Muslims and two southern Christians. The new government offers little hope of solving the regional and religious rivalries that have plagued Chad since independence. A follow-up meeting is scheduled next month in Nigeria to draw up a plan for implementing other provisions of the agreement and to set the timing of national elections.//

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//The Muslim majority in the new government reflects the northern military ascendancy that emerged in the recent power struggle between Malloum and Habre.

Gendarmerie commander Kamougue probably will take over as political leader of the south. Southerners, who have run the central government since independence, are not likely to accept a secondary role gracefully, especially if Kamougue is the southern leader. Strong Muslim countermeasures could be provoked if communal violence in the south continues.//

Friction may also develop among the various Muslim factions, which have been unified only by their determination to oust the southern-controlled government. A major question for the new government will be its relationship with Libya, which has been the principal military backer of some of the Muslim factions. Habre particularly mistrusts the Libyans and suspects that Muslim rebel leader Goukouni's recent break with Tripoli is less than sincere.

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The various armed forces roaming Chad pose a major threat to stability. The announcement of a phased withdrawal of the 2,500 French soldiers now in Chad removes an important stabilizing factor and a major deterrent against Libyan-backed military activity in the north

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IRAQ-SYRIA: Closer Ties

//The Egyptian-Israeli peace treaty and the continuing unrest in Iran are likely to add impetus to the reconciliation between the rival Baathist regimes in Iraq and Syria under way since last October. There are some indications that the anniversary on 7 April of the founding of the pan-Arab Baath Party will be used to announce the formation of a Syrian-Iraqi federation.// [Redacted]

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//Since the rapprochement was launched, the two governments have avoided dramatic declarations of success. [Redacted]

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[Redacted] Syria and Iraq played a key role in mediating the Yemeni dispute, demonstrating to other Arabs their ability to act effectively in tandem. More important, the mediation helped calm a peripheral Arab squabble that threatened to detract from Baghdad's and Damascus' priority goals--organizing a united Arab stance against the Egypt-Israel treaty and applying sanctions against Egypt.// [Redacted]

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//Military cooperation apparently has not yet reached the point of a unified command structure but will probably include contingency planning for coordinating military forces on Israel's eastern front. The Egyptian-Israeli peace accord could also move Damascus and Baghdad toward a mutual defense pact.// [Redacted]

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//Major obstacles to effective political union remain. Syria opposes Iraqi proposals for unification of the two Baath Parties.// [Redacted]

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FRANCE: Opposition to Steel Industry Reorganization

The Communist Party and the Communist-led General Confederation of Labor have called for a march on Paris today to protest the French Government's determined efforts to streamline the steel industry--a program that is meeting tough and in some instances violent opposition from workers who fear it will jeopardize their right to work in their hometowns. As many as 50,000 demonstrators may take place in the march.

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Although a genuine and probably irreconcilable conflict of interest is involved, the dispute has been aggravated by the failure of government decisionmakers to establish a dialogue with the workers involved. This is compounded by the concentration of decisionmaking in Paris and the absence of strong local organizations that Paris can depend on to support and defend its policies.

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The publicity surrounding recent violence in Lorraine, where most of the layoffs would occur, has forced the government into negotiations with the unions and led it to increase its efforts to ease the economic and social impact of the restructuring. The government, however, is completely committed to its plan, and further violent confrontations are likely.

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The steel industry is largely a Communist bastion, but in Lorraine the Socialist-oriented labor federation is also strong. The federation, which has refused to join in today's march, accepts layoffs as part of the modernization of the steel industry and is willing to negotiate on that basis. The steel crisis, however, is turning into a major test of its moderate leadership and policies.

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In recent years it has become increasingly difficult to hold a demonstration in the capital without provoking violence. The Communist-led Confederation, however, is apparently confident that it can control the demonstrators. The Communist Party, for its part, is mobilizing Paris party militants to infiltrate the demonstration to help control the demonstrators.

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BRAZIL: Labor Situation

President Figueiredo's administration is moving cautiously in its handling of the ongoing strike of metalworkers in the key industrial state of Sao Paulo. Even if the dispute is resolved soon, the government possibly faces further unrest, as workers demand wage increases to keep up with the spiraling cost of living. [redacted]

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//President Figueiredo wants to end the metalworkers strike, which is tying up production and represents a defiance of his authority, but thus far has taken a hands-off position, at least officially. [redacted]

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[redacted] any strong move would immediately lend a highly authoritarian caste of the President who, only last week at his inauguration, pledged to continue liberalizing the political system. It would also strengthen the resolve of workers, increase public sympathy for their cause, and perhaps even bolster the cause of more radical labor leaders. [redacted]

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According to a press report, two of the three unions yesterday rejected proposals put forward by their representatives and employers. Whether or not the metalworkers strike is ended soon, other workers are preparing to make demands. Teachers are already off the job in Rio de Janeiro, and busdrivers staged a wildcat job action in Sao Paulo earlier this week. [redacted]

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PORUGAL: Budget Vote

The Portuguese legislature last night rejected Prime Minister Mota Pinto's proposed budget after the center-right Social Democrats decided to abstain at the last minute. The Social Democrats were split badly; many refused to take part in the vote, and five voted with the government. As expected, the Socialist Party--Portugal's largest--also abstained, allowing the Communists and independents to narrowly outvote the government's Center Democratic supporters.

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Mota Pinto faces several options. He has three months to draft a new budget that does not include the objectionable taxation and local government financing policies now contained in his current proposal. He could elicit broader party support by reorganizing his cabinet along less combative lines. Finally, he could either request a vote of confidence or resign.

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President Eanes, who was responsible for bringing Mota Pinto to power four months ago, probably will encourage him to stay on. The parties have little chance of arriving at a government formula among themselves and--with the possible exception of the Communists--agree with the President that an early election would be damaging to the country. Eanes' only other choice is to find a replacement for Mota Pinto who would accept the unpopular task of leading the country until the regular legislative election in mid-1980.

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WESTERN EUROPE: Limited Policy Response to Oil Shortages

Despite the Iranian production cutback and the worst winter in three decades, most West European governments have avoided taking any conservation measures. All EC countries as well as non-EC members of the International Energy Agency, however, have agreed to 5-percent reductions in consumption and have the necessary standby powers to move quickly to trim usage if necessary. With winter now over and encouraged by the resumption of limited Iranian exports, several West European governments have begun to allow reserve stock drawdowns to help supply consumption requirements. Under these circumstances, a new flareup in Iran or curtailment of production by other OPEC members, particularly Saudi Arabia, would be extremely disruptive. Summer stock rebuilding could prove difficult even if Iranian oil flows steadily and other suppliers maintain production.

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[Redacted]

MAURITANIA: Government Reorganization

Cabinet changes Wednesday in Mauritania favor moderates who want to reaffirm ties with Morocco. The changes will temporarily dampen but not eliminate a disruptive power struggle between the moderates and those politically sympathetic to Algeria, Libya, and the Polisario Front nationalists of Western Sahara. President Saleck, a military figure installed as a compromise leader of the ruling military committee after the coup last July, has now apparently allied himself with the pro-Moroccan moderates, some of whom have recently been engaged in active coup plotting. The government remains committed to disengagement from the Saharan conflict, but will now be less inclined to do so outside the framework of its alliance with Morocco.

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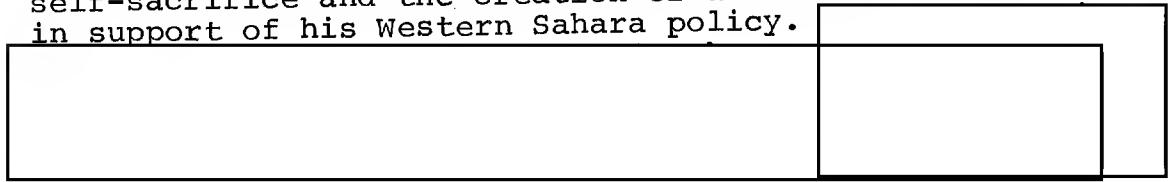
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MOROCCO: New Prime Minister

King Hassan's appointment of Maati Bouabid as Prime Minister yesterday is the latest of several recent moves by the King that seem designed to project an image of forceful leadership. He probably hopes Bouabid, who has ties with organized labor, will help quiet current labor unrest. Further ministerial changes are expected as Hassan tries to counter growing popular disgruntlement with his indecisive handling of the Western Sahara war, unemployment, and spiraling inflation. In a message to the Parliament on 8 March, Hassan called for greater self-sacrifice and the creation of a national council in support of his Western Sahara policy.

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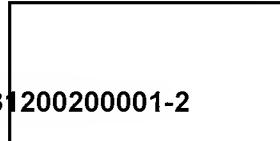
YUGOSLAVIA: A Warning to Djilas

//Milovan Djilas, perennial critic of the Tito regime, has informed Western newsmen that he was ordered by the Belgrade police on Wednesday to discontinue his "subversive" activities. The official warning implied that he could face a jail sentence of at least three years. This is the first official action against the 68-year-old Djilas since a party plenum last December hinted at a crackdown on political dissenters. Looking toward the post-Tito era, Djilas for more than a year has openly espoused the creation of an organized opposition. In a possibly related event in early February, Jovan Barovic--Djilas' lawyer and a go-between in organizing the opposition--was killed in an automobile "accident" that is widely believed to have been engineered by the secret police.//



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SPECIAL ANALYSIS

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AFGHANISTAN: A Regime in Trouble
[Redacted Box]

The insurgencies faced by President Taraki's government since his leftist faction seized power almost a year ago have now grown into serious threats to the survival of the Soviet-backed regime. The USSR is clearly concerned, and if conditions worsen in Afghanistan, the Soviets could face an awkward dilemma. [Redacted Box]

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The most damaging recent development has been the spread of fighting to the previously quiet north and west. The causes of the revolt that broke out in Herat last week and smaller outbreaks elsewhere are still unclear, but Islamic opposition to the "godless" government may have been the most important factor. In his first months in office, Taraki appeared to be dealing successfully with the religious communities by avoiding policies offensive to them. When criticism of the government became more open last fall--perhaps encouraged by events in Iran and by exiled religious leaders in Pakistan--Taraki cracked down. The arrests in January and February of a number of clerics, apparently exacerbated the situation. [Redacted Box]

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Even if the armed forces succeed in suppressing the current rebellions, insurgencies inspired by the Islamic opposition will almost certainly recur, placing further strains on the loyalty of the Muslim soldiers. Rebellion in the tribal areas along the Pakistani border broke out almost as soon as Taraki came to power. The tribes cannot campaign effectively outside their home areas but are holding their own in the mountains. Probably more than half of the Army's combat units are now in tribal areas, and morale is declining because of casualties, tribal loyalties, and the dim prospects for victory.
[Redacted Box]

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So far--despite the defection of a large part of the Army garrison in Herat and reports of daily desertions in the tribal areas--the bulk of the military remains loyal to the government. Widespread arrests and

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[Redacted Box]

dismissals have prevented any successful move against Taraki by disgruntled officers. At the same time, however, the purges clearly reveal the continuing decline in the number of officers the government is willing to trust and, along with the similar removal of suspected opponents in the bureaucracy, have forced the government to rely more and more on inexperienced party members. The few capable senior officials--for example Foreign Minister Amin--seem to have more to do than they can handle.

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//The economic situation is deteriorating. Poor weather has sharply reduced agricultural production, foodgrain import requirements have increased, and Kabul is shopping in world markets for early delivery of at least 400,000 tons of wheat. The government estimates that the shortfall in wheat production this year will be between 700,000 to 800,000 tons. Foreign exchange reserves are sufficient to pay for wheat imports, but Kabul still faces problems in arranging for delivery. The Afghans have asked Pakistan to expedite wheat shipments through the port of Karachi, but Islamabad has not yet responded.//

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//Afghanistan's relations with its non-Communist neighbors are becoming more difficult. Although the Pakistani Government is not now giving support to tribal dissidents, it is reportedly making little effort to limit the activities of Afghan exiles in Pakistan and may decide at some point to provide material aid. The new Iranian Government apparently is continuing the Shah's non-interventionist policy, but anti-Afghan statements by Iranian leaders and verbal attacks on Iran from Afghanistan have increased tensions. The increasingly Islamic character of the insurgency in Afghanistan could lead to a change in Iranian policy.//

Soviet money, arms, and advisers have been an important factor in keeping the Taraki government afloat, and the implicit threat of a Soviet reaction has been a major deterrent against Iranian and Pakistani meddling in Afghanistan. As his troubles increase, Taraki will

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need even greater Soviet assistance, and it is even possible that at some point only open Soviet military intervention could save him.

The Soviet Role

The Soviet military advisory mission in Afghanistan has more than doubled since the coup last April. It now numbers between 600 and 1,000, but there is still considerable room for further expansion. The Afghans, for example, probably will be unable to handle their logistics problems if the situation worsens, and Soviet military personnel might be dispatched to facilitate the movement of men and materiel to the various combat zones.

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Moscow will face a dilemma if--despite expanded assistance--the situation deteriorates to the point where only massive Soviet military intervention could save the Afghan Marxists. This could happen if the Islamic insurgency spreads to other urban areas of Afghanistan and if the military withdraws its support from Taraki. Moscow's decision to publish two authoritative warnings in less than a week about outside interference in Afghanistan is indicative of Soviet concern about a possible replay in Afghanistan of recent developments in Iran. This is also reflected in the current Soviet propaganda effort to portray the current government as respectful of Islam and mindful of the teachings of the Koran.

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The Soviets would be most reluctant to introduce large numbers of ground forces into Afghanistan to keep in power an Afghan Government that had lost the support of virtually all segments of the population. Not only would the Soviets find themselves in an awkward morass in Afghanistan, but their actions could seriously damage their relations with India, Iran, and--to a lesser degree--Pakistan. As a more likely option, the Soviets probably could seek to re-establish ties with those members of the Afghan opposition with whom Moscow has dealt profitably in the past.

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